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10 Small Caps to Buy
September 2025

Report written by Clear Capital research

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UK small-cap stocks remain one of the most compelling opportunities in global equity markets as of September 2025. Valuations are still deeply discounted relative to history and peers, with the FTSE Small Cap index trading as much as 60% below its 10-year average, marking it the cheapest small-cap market worldwide [1]. This discount is drawing increasing attention as investors seek alternatives to fully priced US equities and as global growth faces pressure from trade frictions and higher interest rates.

Importantly, fundamentals underpin the value case. Analysts forecast UK small caps to deliver around 16% earnings growth in 2025, far above the UK's anemic 1% GDP outlook, while value-focused strategies within the sector have outperformed growth by over seven percentage points annually in recent years [2]. This suggests the opportunity is not just cyclical but structural, as resilient businesses with solid earnings power are being overlooked.

There are also early signs of sentiment turning. A resurgence of interest in value investing has coincided with renewed M&A activity and significant share buybacks across the UK market, particularly in small- and mid-caps, which often serve as prime acquisition targets [3].Historically, UK small caps have been among the best performers in recovery phases following periods of underperformance, and current conditions appear consistent with such an inflection point.

In summary, September 2025 offers investors a rare alignment of low valuations, strong earnings prospects, and growing signs of renewed confidence. With capital beginning to rotate into overlooked UK equities, small caps stand out as a timely and attractive entry point for long-term investors.

The FTSE AIM All-Share Index is showing strong technical momentum following a decisive breakout above a long-term downtrend line. After a powerful rally, the index has formed a tight consolidation. As prices continue to move sideways it shows that prices are being accepted in this range. The stalling in short term momentum could suggest the index is ready for a renewed upside move in the coming months. The expectation is for the index to reach 812, which was the highs last seen in May 2024

Source: [1] trustintelligence.co.uk – Investing in UK small caps with investment trusts – 13 June 2025, **[2] aberdeeninvestments.com –** Smaller companies in uncertain markets – 16 May 2025, **[3] Money Week -** Investors rediscover the virtue of value investing over growth – 30 June 2025

Chart: Tradingview.com, Data as of August 29th, 2025

JET 2 (JET2)

Jet2 is the UK's largest package holiday provider and a leading leisure airline. Through Jet2holidays and Jet2.com, it offers ATOL-protected packages and flight-only services from 13 UK bases to Mediterranean, Canary, and European destinations. FY25 delivered record revenue and profits, underpinned by disciplined capacity growth and strong, value-driven demand.[1]. It should be noted that given the market cap of Jet2, it doesn't fit the traditional description of a small cap share.

Fundamentals

Record FY25 revenue of £7.17bn and pre-tax profit of £593m, with total cash £3.16bn and reduced debt, underline financial strength [1]. Continued network and fleet expansion supports passenger growth and holiday market share. Dividend uplift and a £250m buyback add shareholder returns, while resilient demand for affordable package holidays provides visibility despite later bookings and macro uncertainty, plus disciplined pricing and cost control and strong forward bookings coverage [2].

Market Capitalisation: £3.2Billion
Sector: Consumer Services
12 Month Price Range: 1218 – 1963p
5 Year Price Range: 605.5 – 1963p

Technical Analysis

Jet2's share price has been in a sustained uptrend for many months, with momentum accelerating earlier this year. In April 2024, the stock broke through a key resistance level at 1614p, eventually reaching a high near 1960p. Since then, the price action has shifted into a consolidation phase, forming a channel pattern. Recently, the stock has retraced back to the 1614p breakout zone—a level that now acts as potential support. This area could present a buying opportunity for investors anticipating a continuation of the broader uptrend. A clear break to the upside from the current channel would strengthen the medium-term outlook and suggest a resumption of the bullish trend, with scope for a retest of the 1960p peak and beyond.

Verdict: BUY
Buy between 1500 – 1550p
Stop: 1260p
Target: 2200p

Sources: [1] Jet2plc.com – Preliminary results for year ended 31 March 2025 – 31 March 2025. **[2] londonstockexchange.com** – Launch of Share Buyback Programme of up to £250m– 29 April 2025
Chart: Tradingview.com, Data as of August 29th, 2025

FEVERTREE (FEVR)

Fevertree makes premium carbonated mixers, led by tonic water, selling in 90+ countries through on-trade and retail. It is the global category leader by value and is transitioning its US business to a distribution partnership with Molson Coors. Recent results showed margin recovery and a strong balance sheet.

Fundamentals

Gross margin rebounded to 37.5% in FY24 and adjusted EBITDA rose 66% to £50.7m, demonstrating operational recovery. The Molson Coors US partnership should lift distribution and profitability, with an agreed profit-share and guarantees from 2026–2030. Management reiterated 2025 guidance for low single-digit revenue growth and ~12% EBITDA margin, while a substantial buyback underscores balance-sheet strength and shareholder alignment [3]. Mix diversification beyond tonic supports growth.

Market Capitalisation: £977.77Million
Sector: Consumer Non-Durables
12 Month Price Range: 601– 1020p
5 Year Price Range: 601 – 2650p

Technical Analysis

Fevertree shares had been in a prolonged downtrend since 2022, but momentum shifted positively in May 2025 when the stock broke above its long-term downtrend line. This breakout attracted fresh buying interest, lifting the price to around 1020p, from lows of 601p earlier in the year. Importantly, the move through 828p resistance confirmed what appears to be a bottom formation, strengthening the medium-term outlook. The recent pullback from the 1020p high back towards the 828p breakout level now offers investors a potential opportunity to buy on a retest of support, with the expectation of further gains in the months ahead.

Verdict: BUY
Buy between 790 – 830p
Stop: 680p
Target: 1200p

Source: **[3] investments.halifax.co.uk -** US growth underpins Fevertree's full-year results – 25 March 2025
Chart: Tradingview.com, Data as of August 29th, 2025

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AVACTA (AVCT)

Avacta is a clinical-stage oncology company developing targeted chemotherapies using its tumour-activated pre|CISION® platform. Lead asset AVA6000 (a doxorubicin prodrug) is in Phase 1b expansion, with AVA6103 IND-enabling studies underway. The Group is focusing on therapeutics and has classified its Diagnostics division as held for sale.

Fundamentals

Pre|CISION® aims to deliver chemo selectively to tumours, potentially widening doxorubicin's therapeutic index and enabling higher dosing with fewer systemic effects. Phase 1b AVA6000 expansion is enrolling with further data expected in 2025; AVA6103 is progressing toward Phase 1 in 2026 [4]. Refocusing on therapeutics, leadership hires and potential partnering create catalysts; Diagnostics held for sale and disciplined capital allocation support value realisation. Platform could extend across multiple solid tumours.

Market Capitalisation: £220.85Million
Sector: Pharmaceuticals
12 Month Price Range: 26 – 79.5p
5 Year Price Range: 26 – 291.5p

Technical Analysis

Avacta shares had been in a persistent downtrend since October 2023, falling from 167p to a low of 26p by May 2025. However, in late July, a wave of fresh buying pressure triggered a significant shift in sentiment, with the price breaking out of a descending wedge formation and simultaneously moving above resistance at 41.30p. This breakout confirmed the completion of a bottoming pattern. Following the move, the stock rallied to 60p, before retracing back to retest the 41.30p support. Impressively, this level held firm, sparking renewed buying activity. With the price now advancing back through 60p, momentum looks strong, and the short-term technical outlook is positive. A sustained move higher would further reinforce the view that a durable low is in place.

Verdict: BUY
Buy between 50 – 55p
Stop: 34p
Target: 90p

Source: [4] Avacta.com – Avacta Therapeutics Presents Data from Lead pre|CISION® Candidate FAP-Dox (AVA6000) at the 2025 AACR Annual Meeting– 28 April 2025
Chart: Tradingview.com, Data as of August 29th, 2025

INVINITY ENERGY SYSTEMS (IES)

Invinity designs and manufactures vanadium flow batteries for long-duration energy storage. Its modular Mistral/ENDURIUM systems target grid and renewables, offering non-flammable, 25-year lifetimes. FY24 results showed scaling operations; recent wins include a 10.8MWh European order and a Chinese manufacturing and supply agreement to cut costs [5].

Fundamentals

Non-flammable, long-life vanadium flow batteries suit grid balancing and renewable firming where lithium's degradation and fire risk constrain economics. Execution is improving: DOE-supported US projects (84MWh), a 10.8MWh European order, and a partner reserving up to 2GWh of capacity build revenue visibility [5]. A new Chinese manufacturing and electrolyte agreement targets step-change cost reductions, positioning Invinity to capture a fast-growing long-duration storage market globally [6].

Market Capitalisation: £90.32Million
Sector: Producer Manufacturing
12 Month Price Range: 7.76 – 29p
5 Year Price Range: 7.76 – 233.35p

Technical Analysis

Invinity's share price has been under sustained pressure since 2021, falling from 233.35p to lows of 7.76p by March 2025. Recently, however, there are signs of improvement. On 19 June 2025, the stock staged a powerful breakout move, pushing through both the long-term downtrend line and horizontal resistance at 19.4p. This breakout also confirmed a double-bottom formation on the long-term charts — a pattern often regarded as a strong bullish reversal signal. Following this move, the price advanced to 29p by mid-July, before correcting back towards the 19.4p breakout zone. This level now represents key support, and the current pullback could be an attractive entry point for investors anticipating a continuation higher in line with the newly established bullish outlook.

Verdict: BUY
Buy between 17 – 20p
Stop: 13.5p
Target: 50p

Source: [5] Invinity.com – U.S. DOE to fund 84 MWh of Invinity VFB projects – 25 September 2023, **[6] Invinity.com** - Manufacturing and Supply Chain Agreement with Chinese Strategic Partner– 11 July 2025
Chart: Tradingview.com, Data as of August 29th, 2025

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AUDIOBOOM (BOOM)

Audioboom runs a global podcasting platform and monetisation stack, combining proprietary ad-tech with the Audioboom Creator Network to sell host-reads, programmatic and brand campaigns. Content spans US/UK shows; video podcasting is scaling. H1-2025 saw EBITDA and gross-profit growth, with the Adelicious acquisition expanding network reach.

Fundamentals

Audioboom's mix shift to higher-margin Showcase/programmatic, tight cost control and growing premium network are driving operating leverage: H1-2025 adjusted EBITDA rose ~500% with gross profit up ~30% [7]. Video is accelerating, lifting RPMs and advertiser formats, and Adelicious adds UK scale. Booked revenue visibility, improving cash generation and share gains in digital audio create a compelling profitability inflection. Management guides to record 2025, supported by contracted pipeline growth.

Market Capitalisation: £86.19Million
Sector: Technology Services
12 Month Price Range: 185 – 680p
5 Year Price Range: 131 – 2260p

Technical Analysis

Audioboom shares have been in a sustained uptrend since October 2023, when the price bottomed near 150p. The long-term trend has been bullish, with higher highs and higher lows establishing a constructive technical backdrop. In recent months, the stock entered a consolidation phase, forming a wedge pattern on the weekly chart. On 25 July 2025, the price broke decisively to the upside from this formation, confirming the continuation of the prevailing bullish trend. Since the breakout, momentum has remained positive, supporting the case for further gains. The breakout from consolidation suggests scope for a continuation higher, with initial upside targeting a return to the 2025 highs at 490p and potentially beyond.

Verdict: BUY
Buy between 390 – 430p
Stop: 304p
Target: 670p

Source: **[7] audioboom.com –** Half year report – 16 July 2025
Chart: Tradingview.com, Data as of August 29th, 2025

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QUADRISE (QED)

Quadrise develops and licenses MSAR® and bioMSAR™ emulsion fuel technology, offering lower-emission alternatives to heavy fuel oil for marine, power and industrial users. Commercial trials are advancing with partners including MSC/Cargill (marine) and OCP in Morocco, while Panama trials concluded; US heavy-oil projects continue alongside technology collaborations [8].

Fundamentals

Shipping and industrial users urgently need lower-carbon, drop-in fuels. Quadrise's bioMSAR™/MSAR® can cut emissions and costs without capex, and upcoming commercial-scale marine trials with MSC/Cargill plus OCP's Morocco trial represent material catalysts. MAC2 production readiness and Alder Renewables collaboration broaden feedstocks toward bioMSAR Zero [9]. Execution risk remains after timetable slippage, but successful trials could unlock recurring licensing revenues and accelerate adoption across key markets globally.

Market Capitalisation: £67.01Million
Sector: Process Industries
12 Month Price Range: 1.395 – 8p
5 Year Price Range: 0.654 – 8p

Technical Analysis

Throughout 2025, Quadrise shares have largely been confined to a tight trading range between 2.65p and 5.04p. While this period of sideways movement reflects consolidation, the technical backdrop remains constructive as long as the stock continues to trade above the key support level at 2.65p. The importance of this support is highlighted on the weekly chart. Back in November 2024, a break above 2.65p triggered a rally that carried the price as high as 8p before a retracement set in. With the stock now back at the lower end of its 2025 range, this level is once again pivotal. Providing support at 2.65p holds, the current setup looks technically appealing, offering potential for a rebound within the range and, in time, a possible challenge of the 8p level.

Verdict: BUY
Buy between 2.7 – 3.8p
Stop: 1.2p
Target: 8p

Source: [8] Investegate – Company Announcement – Business Updated – 18 August 2025, [9] **londonstockexchange.com** – Joint development agreement with Alder Energy – 16 June 2025
Chart: Tradingview.com, Data as of August 29th, 2025

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CML MICROSYSTEMS (CML)

CML Microsystems designs mixed-signal, RF and microwave semiconductors for communications markets, supplying chips for satcom and defence applications. The 2023 acquisition of Microwave Technology broadened the portfolio into GaAs/GaN devices. FY25 delivered revenue of £22.9m despite softer markets, supported by SµRF growth and MwT's full-year contribution [10].

Fundamentals

Exposure to growing RF/microwave demand in satcom, defence and industrial markets, plus the SµRF platform and MwT broaden capability into GaAs/GaN. FY25 results showed stable revenue, strong balance-sheet liquidity and operational progress despite sector softness [10]. As inventory overhang unwinds at legacy lines and new products ramp, margins should recover and earnings leverage emerge; disciplined capital allocation underpins returns. Recent long-term GNSS contract adds revenue visibility support.

Market Capitalisation: £44.62Million
Sector: Electronic Technology
12 Month Price Range: 191 – 324p
5 Year Price Range: 176 – 545p

Technical Analysis

CML Microsystems shares are beginning to look attractive from a technical perspective. After trending lower since mid-2023, recent price action suggests that a bottoming formation has taken shape. The key development was the break above 264p resistance, which confirmed the completion of an inverse head-and-shoulders pattern — a classic reversal structure that often signals a shift from bearish to bullish momentum. Following the breakout, the price advanced to 324p in July before retracing. The shares are now edging back towards the 264p support zone, which is pivotal in maintaining the bullish outlook. As long as this support level holds, the current pullback could represent an attractive entry point for investors looking for medium-term gains in line with the emerging uptrend.

Verdict: BUY
Buy between 250 – 270p
Stop: 215p
Target: 400p

Source: [10] cmlmicroplc.com – Preliminary Results – 23 June 2025
Chart: Tradingview.com, Data as of August 29th, 2025

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NEXTEQ (NXQ)

Nexteq (formerly Quixant) provides technology design, hardware and embedded solutions to industrial markets through brands including Quixant (gaming) and Densitron (HMI displays). FY24 delivered $86.7m revenue, $4.8m adjusted PBT and $29.1m net cash. The group targets growth via customer retention, product refresh and capital returns, including buybacks [11].

Fundamentals

Robust net cash and exceptional cash conversion (324% in 2024) support investment and shareholder returns. Management is defending share with refreshed products for key Quixant customers, while Densitron broadens into broadcast and industrial HMI. H1-2025 updates showed order momentum and buybacks completed in March 2025 [12]. With resilient revenues and capital discipline, earnings should benefit as customer programmes ramp and margins normalise, and end-market demand improves through 2026 cycles.

Market Capitalisation: £43.72Million
Sector: Consumer Durables
12 Month Price Range: 52.8 – 94.2p
5 Year Price Range: 52.8 – 180.5p

Technical Analysis

After peaking at 180.5p in March 2023, Nexteq shares entered a prolonged downtrend, eventually bottoming at 52.8p in April 2025. Since then, the technical outlook has started to improve, with signs of a potential long-term reversal emerging. The key development has been the completion of an inverse head-and-shoulders pattern, a well-recognised bullish reversal signal. The breakout above 71p resistance confirmed the pattern, shifting the technical bias in favour of the bulls. Currently, the shares continue to trade close to this breakout zone, making 71p a pivotal level to watch. Providing this support holds, the setup looks encouraging for higher prices in the months ahead.

Verdict: BUY
Buy between 66 – 73p
Stop: 55p
Target: 100p

Source: [11] Investegate– Final Results – 19 March 2025**, [12] Investegate – Trading Update and Notice of Results -** 22 July 2025
Chart: Tradingview.com, Data as of August 29th, 2025

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CORA GOLD (CORA)

Cora Gold is a West African gold developer focused on the Sanankoro project in Mali. A January 2025 Mineral Resource Estimate outlined 1.04Moz at 1.04 g/t. The company is updating its 2022 DFS; SENET leads the work, alongside financing options including a proposed US$70m debt package [13].

Fundamentals

Sanankoro's oxide-dominant resource suits low-capex, fast-payback open-pit processing; the 2022 DFS indicated robust economics even at $1,750/oz. The 2025 resource upgrade (+1.04Moz) and optimisation testwork support improved project scope, with an updated DFS due in Q3-2025. Funding pathways (proposed US$70m loan) and easing permitting backdrop in Mali provide potential catalysts as Cora advances toward construction readiness and initial site works advancing [14].

Market Capitalisation: £43.63Million
Sector: Mining
12 Month Price Range: 1.4 – 10p
5 Year Price Range: 1.4 – 20p

Technical Analysis

Cora Gold shares have been trending sharply higher since hitting lows of 1.40p in September 2024. The stock has already delivered a strong rally, with the price now trading around 9.5p. From May onwards, the shares entered a period of correction and consolidation within a channel formation. However, this phase now appears to have ended, with the price breaking decisively to the upside in strong fashion. This breakout suggests that consolidation has run its course, and the underlying uptrend is resuming. With momentum firmly back in play, any short-term pullbacks could be viewed as an opportunity to accumulate in anticipation of further gains.

Verdict: BUY
Buy between 7 – 9p
Stop: 4.5p
Target: 20p

Source: [13] londonstockexchange.com – Interim Results – 19 August 2025**, [14] ADVFN.com –** Cora Gold Advances Sanankoro Project with Resource Upgrade and Strategic Milestones – 20 August 2025
Chart: Tradingview.com, Data as of August 29th, 2025

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SAREUM (SAR)

Sareum Holdings plc, based in Cambridge and listed on AIM, develops small-molecule kinase inhibitors for autoimmune and cancer indications. Its lead agent SDC-1801, a dual TYK2/JAK1 inhibitor, completed Phase 1 with favorable safety, pharmacokinetics, and once-daily potential.

Fundamentals

SDC-1801's Phase 1 data demonstrated good exposure, long half-life (17-20 hours), and no serious adverse events—supporting Phase 2 readiness and once-daily regime potential [16]. Toxicology studies are underway and expected to conclude in Q4 2025, de-risking the progression. Sareum recaptured licensing rights for SRA737, increasing its future revenue share to 63.5%. With cash of £4.1 m as of end-December 2024 plus a £1.07 m post-period raise, they have funding into 2026 [15].

Market Capitalisation: £28.73Million
Sector: Pharmaceuticals
12 Month Price Range: 11 – 32p
5 Year Price Range: 11 – 500p

Technical Analysis

After experiencing a dramatic post-Covid rally to 500p, Sareum shares endured a sharp and prolonged decline, eventually bottoming near 10p in March 2025. Despite the heavy pullback, recent price action suggests early signs of a potential revival. In recent weeks, the stock has broken above its long-term downtrend resistance line, while also clearing horizontal resistance at 22p. Together, these moves point to the possible completion of a bottoming formation. Looking ahead, the 17–22p zone is now a pivotal support area. Providing the shares hold above this range, the setup looks encouraging for further buying interest to emerge, opening the potential for a rally higher in the coming months.

Verdict: BUY
Buy between 17– 22p
Stop: 13.3p
Target: 50p

Source: [15] Research-Tree.com – Half Year Report – 25 March 2025, **[16] firstwordpharma.com -** Sareum announces approval to initiate Phase 1 clinical trial of its lead product SDC – 5 May 2025
Chart: Tradingview.com, Data as of August 29th, 2025

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Daniel Pellard 03 September 2025